

**Exhibit A**

**UNITED STATES DISTRICT COURT  
DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO  
RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO,  
*et al.*,

Debtors.<sup>1</sup>

PROMESA

Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**INFORMATIVE MOTION REGARDING THE GOVERNMENT OF PUERTO RICO'S  
RESPONSE TO COVID-19 AND THE IMPACT ON THESE TITLE III CASES**

To the Honorable United States District Judge Laura Taylor Swain:

The Puerto Rico Fiscal Agency and Financial Advisory Authority ("AAFAF"), through its undersigned counsel, hereby states as follows:

1. Puerto Rico, along with the rest of the world, is facing an unprecedented challenge based on the outbreak of a respiratory illness caused by a novel (new) coronavirus, known as COVID-19. Cases of COVID-19 are being reported in a growing number of countries internationally, including the United States. As of the morning of March 26, 2020, Puerto Rico has 64 confirmed cases of COVID-19, including 2 deaths. This is a global humanitarian challenge,

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<sup>1</sup> The Debtors in these Title III cases, along with each Debtor's respective Title III case number listed as a bankruptcy case number due to software limitations and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (the "Commonwealth") (Bankruptcy Case No. 17-BK-3283 (LTS)) (Last Four Digits of Federal Tax ID: 3481), (ii) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17-BK-3566(LTS)) (Last Four Digits of Federal Tax ID: 9686), (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17-BK-3567 (LTS)) (Last Four Digits of Federal Tax ID: 3808), and (iv) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17-4780 (LTS)) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5233-LTS) (Last Four Digits of Federal Tax ID: 3801).

and many people are courageously battling the virus and putting their own lives at risk to help others in need. Puerto Rico is no exception. Addressing this humanitarian challenge is the Government's top priority at this moment. To this end, the Government has taken a series of aggressive measures to combat the virus and protect the people of Puerto Rico.

**A. The Government's Response to COVID-19**

2. In response to the outbreak, on March 15, 2020, Governor Wanda Vázquez Garced signed *Executive Order of the Governor of Puerto Rico, Hon. Wanda Vázquez Garced, to Make Viable the Necessary Government and Private Closures to Fight the Effects of Coronavirus (COVID-19) and Control the Risk of Contagion on Our Island*, Administrative Bulletin No. OE-2020-023 (the "Executive Order"). The Executive Order directed the "closure of all businesses in Puerto Rico as of today, March 15 at 6:00 p.m. until March 30, 2020." The Executive Order also imposes a curfew from 9:00 p.m. through 5:00 a.m. during which time all residents of Puerto Rico must remain in their residences. Today, the Governor announced that, based on recommendations from a state medical advisory task force, and due to the continuing state of emergency, the closure of business and curfew established in the Executive Order will be extended until April 12, 2020. Other measures, including further control on citizen movements and business closures, will be part of an upcoming amended executive order.

3. On March 18, 2020, the Governor requested the Federal Aviation Administration (the "FAA") to take a series of steps to limit air traffic into Puerto Rico, including suspending all domestic and international flights to and from Puerto Rico. In response, the FAA agreed that all commercial flights must now land at Luis Muñoz Marín International Airport, located in San Juan. The Governor is requiring that every passenger, both domestic and international, arriving in Puerto Rico remain quarantined for 14 days.

4. As of today, the Governor has issued an additional seven executive orders in response to COVID-19 to address, among other things, the homeless, school and private sector closures, acquisition of goods and services, use of the National Guard, prompt diagnosis of COVID-19, special leave for public employees affected by COVID-19, the creation of a medical task force to advise the Governor, and the state of emergency due to the pandemic. Taken together, these measures help protect the physical, mental, and economic health of the people of Puerto Rico, while preserving the social fabric of the Island's diverse communities. The Governor continues to maintain direct communication with mayors, members of the legislature, agency heads, private sector leaders, and all units of the Government to ensure that the response to COVID-19 is appropriate.

5. The spread of COVID-19 and the economic effects therefrom, including from the closure of all non-essential businesses, remains highly uncertain. At this point, most of the world's major economies are experiencing partial or even near complete lockdowns. At a minimum, short term economic activity will be severely impacted for several months, with certain critical sectors of the Puerto Rico economy—such as tourism—being particularly hard hit. The depth and duration of the economic downturn will depend largely on the trajectory of the virus and the ability of policy decisions to sustain households and businesses during this difficult period.

6. To address the economic impact of COVID-19, on March 23, 2020, the Governor, with the support of the Financial Oversight and Management Board for Puerto Rico (the "Oversight Board"), announced an initial \$787 million economic short term stimulus package (the "Stimulus Package"). The Stimulus Package is among the most complete and ambitious packages awarded to date at the state level to face this unprecedented crisis.

7. The Stimulus Package includes a series of short-term measures that aspire to mitigate the impact on the security and prosperity of the people of Puerto Rico during this crisis.

The Stimulus Package includes measures such as:

- Paying in full of all salaries and wages to the employees of the central Government and its public corporations throughout the emergency period (the Governor also urged the Island's 78 municipalities to maintain their total payroll for their workers).
- Postponing the 2019 income tax filing deadline to July 15, 2020.
- Suspending the collection of the Commonwealth sales-and-use tax (the "SUT") at the Island's ports and within the supply chain for the next three months.
- Waiving penalties for non-compliance with bi-monthly SUT reporting and remittance, as well as missed payments on estimated income tax bills for two months.
- Suspending a 10% withholding tax on professional services for three months.
- Providing \$500 cash payments to self-employed individuals, for a total of \$100 million.
- Distributing \$1,500 cash payments to businesses that have shuttered operations because of the Executive Order, for a total of \$60 million.
- Earmarking funds for bonuses of up to \$4,000 for nurses in public and private hospitals, professional service nurses, and department of correctional health nurses, and bonuses of up to \$2,500 for healthcare technicians.
- Earmarking funds for bonuses of \$1,000 to public sector pharmacists, medical technologists and Resident MDs.
- Earmarking funds for bonuses of between \$3,500 to \$4,000 for emergency medical personnel, police, firefighters, emergency management and 9-1-1 personnel, prison guards, Special Investigations and Forensics personnel, municipal police and firefighters, certain front-line correctional staff, and other first responders.
- Earmarking funds for bonuses of up to \$2,000 for on-duty court staff and Hacienda internal revenue agents.
- Allocating more than \$243 million for the Department of Education to support and enable online learning while schools are closed, to buy tablets for every student and teacher, and provide teachers and students with software and training.

- Allocating \$1.7 million to the UPR for research and development related to COVID-19.
- Allocating \$6 million to HTA to help offset cost of moratorium on tolls.
- Investing \$50 million in hospitals and public safety, to restock medical supplies and invest in equipment for a period of at least two months.
- Allocating \$100 million for municipalities to provide support for lost revenues over the next two months as a result of the emergency measures implemented to fight COVID-19.
- Commitment to request the federal government to make available unemployment benefits for self-employed workers. Also, a commitment to accelerate an already statutorily scheduled increase in employment benefits for workers and people who have been sent home without pay.
- Ordering that utility services will not be suspended during the emergency period.
- Mandating agency heads to present work-from-home plans for all areas where remote work is possible within 48 hours (which plans will cover professional services providers, businesses, private suppliers and nonprofits).
- Agreement by the Island's banks and credit unions to establish 90-day moratoriums on the payment of mortgage, auto, personal and commercial loans and credit card bills for clients who request it and qualify.

8. This Stimulus Package, which was first announced by the Governor in a public address on March 23, 2020,<sup>2</sup> is the first phase of an economic and fiscal plan that will allow the Government to respond effectively to the crisis, protect, and support the productive sectors of the Puerto Rico economy. The measures also appear to have the support of the Legislative Assembly of Puerto Rico.

9. The United States Congress is also expected to approve a \$2 trillion federal stimulus package to address the economic impact of COVID-19.<sup>3</sup> It is expected that this federal stimulus package will include relief for American citizens living in Puerto Rico. The Government continues

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<sup>2</sup> A translated copy of the public address is attached hereto as Exhibit A.

<sup>3</sup> On March 25, 2020, the Senate unanimously approved the federal stimulus bill and it is expected to be voted on by the House of Representatives on March 27, 2020.

to monitor the details of the federal stimulus package and will consider additional measures to the extent necessary to complement the federal stimulus package, including for those sectors that have particular importance to the well-being of the Puerto Rico economy.

10. Due to the federal disaster declaration by President Donald J. Trump on March 20, 2020 in connection with COVID-19, Puerto Rico qualifies for assistance from FEMA's public assistance program for reimbursement of certain expenses relating to the pandemic. These expenses include, among others, medical equipment, medical installations, medicines, food purchase and distribution. On March 24, 2020, the Governor requested additional assistance from FEMA for unemployment benefits to residents of Puerto Rico that are laid-off as a result of the COVID-19 emergency.

11. In addition to the COVID-19 crisis, the Government continues to coordinate relief and funding efforts to address the natural disasters that affected Puerto Rico recently, including the continued recovery following Hurricanes Irma and Maria and the earthquakes that impacted (and continue to impact) the southern and southwestern part of Puerto Rico. Since AAFAF's last update to the Court during the March 3, 2020 omnibus hearing, AAFAF has the following new updates to report:

- An additional \$116 Million in funds have been obligated by FEMA for 280 projects related to the recovery and reconstruction of Puerto Rico.
- Material progress continues in relief efforts relating to the earthquakes and there are no longer any refugees in the Government base camps run by the Puerto Rico National Guard.
- As of March 16, 2020, approximately 803 schools, or 94% of all schools, were open for classes (excluding closures for COVID-19 discussed below). Mobile classrooms and the use of alternative venues were in place for those students in the southern part of Puerto Rico whose schools had not yet re-opened.
- As to PREPA, it continues working with FEMA on alternatives to develop new generation capacity for the system. Among these alternatives, as AAFAF informed during the prior two omnibus hearings, PREPA is in the process of issuing an RFP

to solicit up to 500MW of emergency and new generation to help make up for the approximately 800MW currently lost from the Costa Sur plant as a result of the recent earthquakes. The Puerto Rico Energy Bureau approved the RFP and PREPA has issued the RFP on March 12, 2020. Concurrently, PREPA's management and board of directors continues working on alternatives to restore unit 5 of the Costa Sur plant and the generation capacity from that unit. PREPA is also in active conversations with FEMA and its insurance companies regarding the damage claims to the Costa Sur plant as a result of the earthquakes.

12. As a result of the Executive Order, all public schools in Puerto Rico have been closed since March 16, 2020. However, the Department of Education has continued to provide services to students through online classes, use of the EduPR application, and learning modules available online. As detailed above, the Government has allocated more than \$243 million to the Department of Education as part of the Stimulus Package for materials and technology to further support online learning.

13. Finally, pursuant to the Executive Order, the Government is operating on a partial shutdown and thus some Government services and payment procedures during this emergency period may be impacted.

#### **B. Delay in Fiscal Plan and Plan of Adjustment Process**

14. On March 16, 2020, AAFAF Executive Director Omar J. Marrero-Diaz formally requested the Oversight Board to revise its approval schedule for the new Commonwealth fiscal plan in light of the COVID-19 pandemic and the anticipated negative impact on Puerto Rico's economy. The Oversight Board granted the request, extending the time to submit a revised proposed fiscal plan to April 15, 2020. The Government also requested similar extensions with respect to other public corporations that are impacted by the ongoing crisis and have upcoming fiscal plan deadlines.

15. On March 23, 2020, the Oversight Board filed an urgent motion requesting to adjourn consideration of the Disclosure Statement related to the Commonwealth's proposed Plan



of Adjustment, currently scheduled for June 3 and June 4, 2020. *See* ECF No. 12485. The Government supports the Oversight Board's request and believes that in light of the ongoing pandemic and resulting uncertainty, it is critical that the Disclosure Statement hearing and related deadlines be postponed. During this adjournment, the Government, in collaboration with the Oversight Board, will work to assess the economic impact of COVID-19 on Puerto Rico's debt service capacity under the proposed Plan of Adjustment (or any future plan).

16. Now more than ever the Government will remain vigilant that any Plan of Adjustment takes into consideration the economic reality of the Island and protects the most vulnerable citizens of Puerto Rico, who in the span of almost three years, have suffered the impact of hurricanes, earthquakes and pandemics.

Dated: March 26, 2020  
San Juan, Puerto Rico

Respectfully submitted,

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**Exhibit A**



## GOVERNMENT OF PUERTO RICO

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Office of the Governor

Good afternoon Puerto Rico:

Besides paying attention to the public health care of our people, which is in the hands of the group of medical experts that we have appointed, at this time of crisis, one of the main concerns of our government focuses on how we preserve our social structure:

***How do we do it, so that when the crisis ends, we have protected the physical, mental and economic health of our families, our communities, and all our citizens.***

Therefore, we acted quickly to protect our people, by asking everyone to stay at home, in social distancing, as a measure to prevent the spread of the virus.

Similarly, we took care of giving continuity to providing essential services, making supermarkets, pharmacies, gas stations, banks, and medical attention through telemedicine available, among other services included in our Executive Order.

Now, guaranteeing social stability depends, in large part, on how we articulate an economic plan that allows us to respond effectively to this crisis, protecting our families and the productive sectors of Puerto Rico.



## GOVERNMENT OF PUERTO RICO

Office of the Governor

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First, we have determined to continue paying the wages of the public sector employees, who are part of the central government. We are talking about 134,200 workers from agencies and public corporations. No one will stop collecting their paychecks during the period that this emergency lasts.

We have urged the mayors to do the same, so that we can protect the income of the 51,500 employees who work in our municipalities.

In another segment, there are the workers in the private sector, which is the largest labor group and which, in the midst of this crisis, is the most fragile. We are talking, about 170,000 self-employee workers, which includes 19,000 agricultural workers, and 44,000 from the construction industry.

We know that this public health crisis affects our businesses, particularly small and medium-sized entrepreneurs, as well as the construction, manufacturing, and agricultural industries. It also adversely affects many independent professional workers, mainly linked to the service industry.

Our government is committed to all workers and employers in the country; therefore, we will do everything we have to do to prevent this emergency from having further ulterior effects on the productive sector.



## GOVERNMENT OF PUERTO RICO

Office of the Governor

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Let there be no doubt that I will use all my constitutional powers to ensure that the most vulnerable have security and are not left unprotected.

For this reason, we have worked on a first series of short-term economic and fiscal initiatives, which already will be available.

**FIRST**, I have instructed the Department of the Treasury to:

- extend the period of income tax payments until July 15.
- suspend the collection of the IVU in the docks and in the resale chain for the next 3 months.
- Suspend for a period of 3 months the 10% withholding for payment for professional services.
- Not to impose penalties for non-compliance with the biweekly IVU filing for two months; nor impose penalties for non-compliance with the payment of the first installments of the estimated tax returns.

To alleviate the pocket of our working class, we are going to give an incentive of \$500 in cash to all self-employed workers, who are made up of 170,000 people in Puerto Rico. It is a measure to help mitigate any emergency situation they may be facing.



## GOVERNMENT OF PUERTO RICO

Office of the Governor

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The benefit for self-employed workers has an economic impact of \$100 million dollars and has already been discussed and approved by the Financial Oversight Board. This subsidy will begin to be sent starting this week.

In the same way, we will be monitoring the result of the federal stimulus packages, to consider additional measures.

**SECOND**, we have determined that, through the Department of Economic Development, we will allocate a contribution of \$1,500 as an incentive for all small and medium sized companies that have ceased operations in the midst of this crisis.

This assistance has an impact of \$60 million dollars, and we are going to follow the same protocol that we established with the aid that we offered to business in the southwest region of the Island to mitigate the impact of earthquakes. For this assistance, we will focus on employers in small and medium businesses, with 50 employees or less, who do not qualify for federal aid.

**THIRD**, a bonus of up to \$4,000 is established for all nurses in the public and private systems and up to \$2,500 for health technicians who assist in these tasks; for a total of \$187 million.



## GOVERNMENT OF PUERTO RICO

Office of the Governor

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A contribution of up to \$4,000 is designated for emergency medical response personnel and a contribution for a total of up to \$3,500 dollars for police, fire and correctional officers, among others; for a total of an additional \$50 million dollars.

A total of \$240 million will be awarded for the purchase of tablets, software, and training for approximately 325,000 teachers, students, and directors of the Department of Education, to promote distance and online education.

A total of \$30 million distributed in \$15 million per month for two months is available to assist in the purchase of equipment in public hospitals, to replenish all purchases in response to the emergency related to Covid-9.

A total of \$20 million are available for the purchase of equipment necessary for the security component of the Department of Public Security, meaning, the Puerto Rico Police, such as gloves, masks and hand sanitizers, among others.

A total of \$50 million, has been identified, to be distributed over 2 months, for those losses that may have affected the municipalities due to the emergency. The government will establish the requirements to evidence such losses and request reimbursement.





## GOVERNMENT OF PUERTO RICO

Office of the Governor

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The foregoing represents a total of \$787 million, which we are putting in the hands of the people to mitigate the impact of COVID-19.

**FOURTH**, we have been able to have the Board authorize an increase in unemployment benefits starting as of July 2020. I have also instructed not to suspend the water and electricity services. Also, as to roads, no tolls will be charged during this emergency.

**FIFTH**, the Department of Labor will coordinate with the federal government to offer unemployment assistance to self-employed workers. This is important, because it is a benefit that, usually, is not provided in this sector.

We will do the same for those who are ordered to take unpaid leave and do not qualify for unemployment payments or sick leave. The unemployment benefit will apply to part-time workers who have worked in at least two quarters of the basic period.

**SIXTH**, as an economic measure, we will promote teleworking or arranging to work from home throughout the government through the use of technology, whenever possible and while the Executive Order is in force.



## GOVERNMENT OF PUERTO RICO

Office of the Governor

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For these purposes, we are going to order all secretaries and agency heads to present to us in the next 48 hours a plan for all those areas that can operate though remote work, including services of independent contractors, professional service providers, businesses, private suppliers and non-profit organizations.

It is important to note that using the alternative of teleworking or remote work may not be interpreted as an exception to complying with the measures of social distancing and curfew, as ordered by the Executive Order.

**SEVENTH,** I take this opportunity to report that, in conversation with the presidents of the banks, a 90-day moratorium period has been established for the payment of mortgage loans, automobile loans, personal loans, commercial loans and credit card debt. This benefit will also be available for members of the cooperatives.

You are only required to call your financial institution and request the moratorium, because it is not an automatic process. This is an important news because it represents a direct relief to the workers' pockets. It is important to have one thing clear; the moratoriums will not affect the credit scores of individuals or companies.



## GOVERNMENT OF PUERTO RICO

Office of the Governor

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This will be one of the most comprehensive and ambitious packages that have been provided to deal with this crisis. Much more comprehensive measures than those offered nationwide. For example, California announced a \$500 million package and Washington State a \$200 million package. We announced a first package of almost a billion dollars for our Puerto Rican people, achieved in conjunction with the Financial Oversight Board.

We thank the Financial Oversight Board, its president, Jose Carrion III, and its executive director, Natalie Jaresko, for working together for the benefit of all Puerto Ricans.

Fellow Puerto Rican's: the measures we are taking will help us mitigate the economic impact of the crisis we are experiencing.

There are other measures that are still under evaluation and that we will communicate in a timely manner; in particular, those that relate to other sectors of the economy, such as tourism.

In this difficult moment that we face as a country, we must be united, our enemy is Covid-19. We are going to overcome this virus as one country. Let's put all our hope on overcoming this. Altogether, in solidarity, we will overcome this public health crisis.



## GOVERNMENT OF PUERTO RICO

Office of the Governor

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Let us keep in mind that the first priority is the health and protection of the life of all our citizens. Because of that the insistence on taking care of ourselves, protecting ourselves and staying at home.

**WE WILL WIN THIS WAR WITH ALL PUERTORICANS TOGETHER**

May GOD bless you and every family.

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